



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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April 15, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 April 15, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**APPROVE THE INTRODUCTION OF AN ORDINANCE TO AMEND THE
PROPRIETARY PETROLEUM PIPELINE FRANCHISE GRANTED TO
BP WEST COAST PRODUCTS LLC BY ORDINANCE NO. 99-0068F AS AMENDED
AND APPROVE A TRANSFER OF THE FRANCHISE RIGHTS TO
TESORO SOCAL PIPELINE COMPANY LLC
(SECOND AND FOURTH DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of the recommendations will amend the existing proprietary petroleum pipeline franchise granted to BP West Coast Products LLC, by Ordinance No. 99-0068F, to extend the term of the franchise through December 31, 2015, and the approval of the transfer of the franchise rights to Tesoro SoCal Pipeline Company LLC.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this project is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State of California Guidelines (Existing Facilities) for implementation of the California Environmental Quality Act.
2. Approve a transfer of the franchise rights granted to BP West Coast Products LLC, a Delaware limited liability company, by Ordinance No. 99-0068F, as amended, to Tesoro SoCal Pipeline Company LLC, a Delaware limited liability company.

3. Approve the introduction of an ordinance to amend the existing proprietary petroleum pipeline franchise granted to BP West Coast Products LLC, a Delaware limited liability company, by Ordinance No. 99-0068F, as amended, to extend the term of the franchise through December 31, 2015, and reflect the Board's approval of a transfer of the franchise rights to Tesoro SoCal Pipeline Company LLC, a Delaware limited liability company.
4. Introduce, waive reading, and place on the Board's agenda for adoption on April 22, 2014, the accompanying ordinance that implements the above recommendations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adopting an ordinance to extend the term of the petroleum pipeline franchise granted to BP West Coast Products LLC (BP West Coast) by Ordinance No. 99-0068F, as amended, will avoid the expiration of the franchise on May 29, 2014; allow additional time for the Chief Executive Office (CEO) and County Counsel to obtain Board approval of proposed updates to the County's franchise regulations in the County of Los Angeles (County) Highway Code (Title 16), prior to renewing the franchise for a longer term; and provide the Board's approval of a transfer of the franchise rights to Tesoro SoCal Pipeline Company LLC (Tesoro SoCal).

Implementation of Strategic Plan Goals

The County's Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize and support timely delivery of efficient public services. Adoption of an ordinance to extend the term of the BP West Coast franchise and transfer the franchise rights to Tesoro SoCal is consistent with this goal.

FISCAL IMPACT/FINANCING

BP West Coast has paid the County a \$5,000 fee for the County to process an ordinance to extend the term of the franchise and transfer the franchise rights, and will continue to pay an annual franchise fee based upon the volume of highway space occupied using a formula in Ordinance No. 99-0068F, as amended. BP West Coast paid the County an annual franchise fee of \$65,654 for the 2012 calendar year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 27, 1999 the Board adopted Ordinance No. 99-0068F granting a 15-year proprietary petroleum pipeline franchise to Atlantic Richfield Company (Arco), which became operative on May 30, 1999, and will expire May 29, 2014 (Arco Franchise).

The Arco Franchise was amended by Ordinance No. 2001-0078F, adopted by the Board in August 2001, to add two franchise areas and to transfer a pipeline system (Line 211) from Arco's common carrier subsidiary, Arco Pipe Line Company, to Arco.

The Arco Franchise was amended again by Ordinance No. 2007-0104F, adopted by the Board in November 2007, to reflect the Board's approval of a transfer of the franchise rights from Arco to BP West Coast. Within the 2007 amending ordinance, the County exercised its option in terms of the Arco Franchise, to change the method of calculating the base annual fee from a linear footage formula to a formula using the volume of the pipelines, and to increase the fees payable to the County for consent to transfer.

Effective on June 1, 2013, BP p.l.c., a British public limited company (BP), and Tesoro Corporation, a Delaware corporation (Tesoro), finalized a Purchase and Sale Agreement resulting in various Tesoro subsidiaries acquiring BP's Carson refinery and the related network of storage terminals and pipelines. The Tesoro SoCal subsidiary acquired the BP West Coast pipelines in County highways in the unincorporated areas of Westmont/West Athens, West Compton, and View Park/Windsor Hills.

Board approval of a transfer of the franchise rights is required in Section 6 of franchise Ordinance No. 99-0068F, as amended (BP Franchise), which obligates the franchisee and the proposed transferee to provide notice to the County and file supporting documents including the executed documents evidencing the transfer actions.

BP and Tesoro provided notice and submitted documents in compliance with the terms for the Board's approval to transfer the BP Franchise rights. Tesoro is experienced and financially capable of meeting the BP Franchise obligations, the only qualifications, if not met, that the County can use as the basis for refusal of its approval of the transfer.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 (Existing Facilities) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This project will not impact or negatively affect any County projects or current services. The Department of Public Works has reviewed this recommendation and expressed no objection to the extension of the BP West Coast franchise and a transfer of the franchise rights to Tesoro SoCal. County Counsel has reviewed the ordinance to amend the BP West Coast franchise and approved it as to form.

CONCLUSION

Instruct the Executive Office of the Board of Supervisors send conformed copies of the adopted Board recommendation and adopted ordinance Attention: Alana L. Edwards, Right of Way Department, Tesoro Corporation, 6 Centerpoint Drive, #5D-036, La Palma, CA 90623, and the offices of County Counsel, Public Works, and CEO, Real Estate Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized loop and a horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR
CMM:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Public Works